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September 24, 2008

RECEIVED

SEP 26 2008

Mark Brandsgard, Chief Clerk
Iowa House of Representatives
State Capitol Building

HOUSE OF REPRESENTATIVES

Dear Mr. Brandsgard:

I respectfully submit to you the first annual reports from the Treasurer of State regarding fiscal year 2008 investment activity related to Iowa Code 12F 'Restrictions on Sudan-Related Investments'. Attached are reports for the State Operating Fund, the Iowa Judicial Retirement System, and the Iowa Peace Officers' Retirement, Accident and Disability System.

Respectfully Yours,

A handwritten signature in black ink, reading 'Michael L. Fitzgerald', written in a cursive style.

Michael L. Fitzgerald
Treasurer of State

Cc: Representative Pat Murphy
Speaker

Representative Kevin McCarthy
Majority Leader

Representative Christopher Rants
Minority Leader

**Iowa State Operating Fund
Annual Report
On Sudan Divestment
For The Fiscal Year Ended June 30, 2008**

Purpose

This is the first annual report required by Iowa Code Chapter 12F regarding restrictions on Sudan-related investments by the State Operating Fund (SOF). In response to the ongoing human rights situation in the Darfur region of the country of Sudan, the General Assembly passed SF361, which places restrictions on investments in certain companies that have active business operations there. Effective beginning July 1, 2007, this law intends for state funds not to be invested in companies that provide power production-related services, mineral extraction activities, oil-related activities, or military equipment to the government of Sudan.

Chapter 12F applies to SOF in the following ways:

The system must identify and make available to the public a quarterly updated list of scrutinized companies, which have active or inactive business operations in Sudan. SOF solely uses information published by the Sudan Divestment Task Force to comply with this requirement.

SOF is prohibited from directly investing in scrutinized companies with active business operations listed on the most current quarterly list. The fund is also required to eventually divest from any company with active business operations that were directly held by the fund as of July 1, 2007 after sending written notification to the company.

Any company owned indirectly through a fund is not subject to divestment, but still requires that SOF send written notification. Further, SOF is required to send written correspondence to the investment managers of funds with scrutinized company holdings urging the managers to divest of the scrutinized companies or start a separate fund free of Sudan-related holdings.

Scrutinized Companies List

SOF's final FY 2008 quarterly scrutinized companies list is attached. As of June 30, 2008 SOF does not hold, either directly or indirectly, any companies from the quarterly divestment list.

Written Notices

SOF has no international exposure, and has not held any company on the scrutinized company list at any time, either directly or indirectly. Because of this, no written notices were required.

Divestment

As SOF did not have any holdings of scrutinized companies no divestment was required.

Report Availability

This report, along with any other quarterly scrutinized company list can be obtained by contacting the Treasurer's office at 515-281-6878 or kyle.rice@iowa.gov.

Sudan Divestment List: Updated April 1, 2008

The State Operating Fund has no holdings in any of the listed scrutinized companies.

Companies with active business operations in Sudan:

Company Name – Country of Headquarters

Subsidiaries

PetroChina – China

CNPC Hong Kong

China National Petroleum Corporation a.k.a. CNPC

Petroliam Nasional Berhad – Malaysia

Petronas Gas

Petronas Dagangan

MISC Berhad (Malaysia International Shipping Company)

Optimal Olefins (Malaysia) SDN Berhad

Petronas Fertilizer (Kedah) SDN Berhad

Petronas Assets SDN Berhad

Petronas Capital Limited

Midiciti Resources SDN BHD

Oil and Natural Gas Company a.k.a. ONGC – India

Mangalore Refinery and Petrochemicals Ltd.

Sinopec Group a.k.a. China Petrochemical Corporation – China

Sinpec Shanghai Petrochemical Co. Ltd.

Sinopec Kanton Holdings

Sinopec Corp a.k.a. China Petroleum and Chemical Corporation

Lundin Petroleum AB – Sweden

Lundin International SA

AREF Investment Group – Kuwait

Ranhill Berhad – Malaysia

Dietswell Engineering - France

Muhibbah Engineering Berhad - Malaysia

Kencana Petroleum Berhad - Malaysia

Kejuruteraan Samudra Timur Bhd. (KSTB) - Malaysia

Petrofac – U.K.

AviChina a.k.a. AviChina Industry & Technology Company Ltd. – China

Jiangxi Hongdu Aviation a.k.a. Hongdu Aviation

Hafei Aviation Industry

Jiangxi Changhe Automobile Co.

Dongan Motor a.k.a. Harbin Dongan Auto Engine Co.

Harbin Power Equipment Company Limited - China

Alstom – France

Wuhan Boiler Co.

Bauer AG – Germany

Petrofac - UK

Wartsila Oyj – Finland

Bharat Heavy Electricals – India

Dongfeng Automobile Company Limited – China

Indian Oil Corporation Ltd. a.k.a. IOCL – India

Lanka IOC Limited

Chennai Petroleum Corporation Limited (CPCL)
Bongaigaon Refinery & Petrochemicals Limited (BRPL)
Scomi Group Berhad a.k.a. KMC Oil Tools – Malaysia
Scomi Engineering Berhad
KMCOB Capital Berhad
PECD Berhad – Malaysia
Electricity Generating Public Company Limited a.k.a. EGCO – Thailand
Khanom Electricity Generating Co. LT